

AMENDED IN ASSEMBLY JULY 23, 1997

AMENDED IN ASSEMBLY JULY 2, 1997

AMENDED IN SENATE JUNE 3, 1997

AMENDED IN SENATE APRIL 9, 1997

**SENATE BILL**

**No. 1270**

**Introduced by Senator Johnston**

February 28, 1997

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An act to add Section 8169.5 to the Government Code, relating to state property.

LEGISLATIVE COUNSEL'S DIGEST

SB 1270, as amended, Johnston. State property.

(1) Existing law generally authorizes the Director of General Services to hire, lease, lease-purchase, or lease with the option to purchase any real or personal property for the use of any state agency if the director deems the hiring or leasing is in the best interest of the state.

Existing law also authorizes the director to lease the real property owned by the state within the core area of Sacramento, as specified, that is not under the jurisdiction of any other state agency, for purposes consistent with the Capitol Area Plan.

This bill would provide that, in furtherance of the Capitol Area Plan and other findings contained in specific legislation, the director may purchase, exchange, or otherwise acquire real property and construct facilities within the jurisdiction of the Capitol Area Plan in Sacramento for use by the State

Department of Education, the State Department of Health Services, and the Department of General Services as anchor tenants on specific blocks within the Capitol area. The State Public Works Board would be authorized to issue revenue bonds, negotiable notes, or negotiable bond anticipation notes to finance all costs associated with acquisition, design, and construction of the facilities. The bill would provide that if the Department of General Services proposes to acquire the facilities on a design-build basis, the department would be required to submit specified information prior to entering into an agreement. The bill would provide that the maximum authorized costs of the facilities for plans, drawings, construction, and other costs shall not exceed \$385,000,000.

(2) Pursuant to the general authority of existing law, the state parking facility located in Sacramento in the block bounded by 11th, 12th, O, and P Streets is under the management and control of the Department of General Services.

This bill would provide that prior to the construction on any other blocks, as authorized by this bill, a parking garage shall be constructed on a state-owned parcel of land on block 224 within the Capitol area in the City of Sacramento. This bill would require that upon the completion of this parking garage, a total of 85% of the existing parking capacity at the state parking garage situated on block 216, which is bounded by 11th, 12th, O, and P Streets in Sacramento, be made available to meet the parking needs of legislative employees to accommodate all legislative parking spaces projected to be displaced by the state office facilities authorized by this bill. This bill would declare the intent of the Legislature with regard to designating the parking spaces created through the construction of a parking garage on block 224 and other parking structures associated with the office building constructed pursuant to this bill for the purposes of accommodating specified state employees, as well as meeting the additional demands for parking created by the construction of authorized state office facilities.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.



*The people of the State of California do enact as follows:*

SECTION 1. Section 8169.5 is added to the Government Code, to read:

8169.5. (a) In furtherance of the Capitol Area Plan, the objectives of Resolution Chapter 131 of the Statutes of 1991, and the legislative findings and declarations contained in Chapter 193 of the Statutes of 1996, relative to the findings by the Urban Land Institute, the director may purchase, exchange, or otherwise acquire real property and construct facilities, including any improvements, betterments, and related facilities, within the jurisdiction of the Capitol Area Plan in the City of Sacramento *pursuant to this section*. The total authorized scope of the project shall consist of up to approximately 1,470,200 gross square feet of office space and approximately 742,625 gross square feet of parking structures for use by the State Department of Education, the State Department of Health Services, and the Department of General Services as anchor tenants on blocks 171, 172, 173, 174, and 225, along with related additional parking on block 224, within the Capitol area. The acquisition and construction authorized pursuant to this section may not cause the displacement of any state or legislative employee parking spaces in the blocks specified in this subdivision unless the Department of General Services makes available existing state-owned parking spaces, acquires parking spaces, or constructs replacement parking that results in the affected employees' parking spaces being located at a reasonable distance from their place of employment.

(b) Subject to paragraphs (2) and (3) of subdivision (c), the department may contract for the lease, lease-purchase, lease with an option to purchase, acquisition, design, design-build, construction, construction management, and other services related to the design and construction of the office and parking facilities authorized to be acquired pursuant to subdivision (a).

1 (c) (1) The State Public Works Board may issue  
2 revenue bonds, negotiable notes, or negotiable bond  
3 anticipation notes pursuant to Chapter 5 (commencing  
4 with Section 15830) of Part 10b of Division 3 to finance all  
5 costs associated with acquisition, design, and construction  
6 of office and parking facilities for the purposes of this  
7 section. The State Public Works Board and the  
8 department may borrow funds for project costs from the  
9 Pooled Money Investment Account pursuant to Sections  
10 16312 and 16313. In the event the bonds authorized by the  
11 project are not sold, the State Department of Education,  
12 the State Department of Health Services, and the  
13 Department of General Services, as determined by the  
14 Department of Finance, shall commit a sufficient amount  
15 of their support appropriations to repay any loans made  
16 for the project from the Pooled Money Investment  
17 Account. It is the intent of the Legislature that this  
18 commitment shall be included in future Budget Acts until  
19 all outstanding loans from the Pooled Money Investment  
20 Account are repaid either through the proceeds from the  
21 sale of bonds or from an appropriation.

22 (2) (A) If the department proposes to acquire the  
23 facilities on a design-build basis, prior to the department  
24 entering into an agreement pursuant to subdivision (b)  
25 to design and build the facilities on blocks 171, 172, 173,  
26 174, and 225, as specified in subdivision (a), the  
27 department shall submit to the Legislature a copy of all  
28 documents that shall be the basis upon which bids will be  
29 solicited and awarded to design and build the facilities.  
30 The documents shall include the following:

- 31 (i) The request for qualifications.
- 32 (ii) Site development guidelines.
- 33 (iii) Architectural and all system design requirements  
34 for the facilities.
- 35 (iv) Notwithstanding any other provision of law, the  
36 recommended specific criteria and process by which the  
37 contractor shall be selected.
- 38 (v) The performance criteria and standards for the  
39 architecture and all components and systems of the  
40 facilities.

(B) The information in the documents shall be provided in at least as much detail as was prepared for the San Francisco Civic Center Complex project and shall cover the quality of materials, equipment, and workmanship to be used in the facilities. These documents shall also include a detailed and specific space program for the facilities that identifies the specific spatial needs of the state agencies.

(C) If the department proposes to contract for construction separate from design, the department shall, prior to commencing work on working drawings for the facilities on blocks 171, 172, 173, 174, and 225, submit to the Legislature a copy of the preliminary plans for the facilities and a detailed and specific space program for the facilities that identifies the specific spatial needs of the state agencies.

(D) Regardless of how the department proposes to acquire the facilities, the department also shall submit all of the following information, which may be included in the bid documents:

(i) A final estimated cost for design, construction, and other costs.

(ii) How the department would manage the contracts entered into for this project to ensure compliance with contract requirements and to ensure that the state receives the highest level of quality workmanship and materials for the funds spent on the project.

(3) The department shall submit to the Legislature the information required to be submitted pursuant to paragraphs (2) and (6) on or before December 1, 1998. The department shall not solicit bids to enter into any agreement to design and build or otherwise acquire the facilities or commence work on working drawings on blocks 171, 172, 173, 174, or 225 sooner than the later of April 1, 1999, or 120 days after the department submits to the Legislature the information required to be submitted pursuant to paragraphs (2) and (6). The Legislative Analyst shall evaluate the information submitted to the Legislature and shall prepare a report to the Joint Committee on Rules within 60 days of receiving the

1 documents submitted to the Legislature. It is the intent  
2 of the Legislature that the Joint Committee on Rules  
3 meet prior to the date the department is authorized to  
4 solicit bids to design and build or otherwise acquire the  
5 facilities or commence work on working drawings for the  
6 purposes of discussing the report from the Legislative  
7 Analyst and adopting a report with any recommendations  
8 to the department on changes to the site design criteria,  
9 performance criteria, and specifications and specific  
10 criteria for determining the winning bidder. If the Joint  
11 Committee on Rules adopts a report prior to the date the  
12 department is authorized to solicit bids to design and  
13 build or otherwise acquire the facilities or commence  
14 work on working drawings, the department may solicit  
15 the bids or commence the work when the report is  
16 adopted by the Joint Committee on Rules. The Senate  
17 Committee on Rules and the Speaker of the Assembly  
18 may designate members of their respective houses to  
19 monitor the progress of the preparation of the documents  
20 to be submitted pursuant to paragraph (2). The  
21 department shall prepare periodic progress reports and  
22 meet with the designated members or their  
23 representatives, as necessary, while preparing the  
24 documents.

25 (4) The amount of revenue bonds, negotiable notes, or  
26 negotiable bond anticipation notes to be sold may equal,  
27 but shall not exceed, the cost of planning, preliminary  
28 plans, working drawings, construction, construction  
29 management and supervision, other costs relating to the  
30 design and construction of the facilities, and any  
31 additional sums necessary to pay interim and permanent  
32 financing costs. The additional amount may include  
33 interest and a reasonable required reserve fund.

34 (5) Authorized costs of the facilities for preliminary  
35 plans, working drawings, construction, and other costs  
36 shall not exceed three hundred eighty-five million dollars  
37 (\$385,000,000). Notwithstanding Section 13332.11, the  
38 State Public Works Board may authorize the  
39 augmentation of the amount authorized under this  
40 paragraph by up to 10 percent of the amount authorized.



1 (6) The net present value of the cost to acquire and  
 2 operate the facilities authorized by subdivision (a) may  
 3 not exceed the net present value of the cost to lease and  
 4 operate an equivalent amount of comparable office  
 5 space, ~~including the present facilities,~~ over the same time  
 6 period. The department shall perform this analysis and  
 7 shall obtain interest rates, discount rates, and Consumer  
 8 Price Index figures from the Treasurer and submit its  
 9 analysis with the documents submitted pursuant to  
 10 paragraph (2) of subdivision (c). For purposes of this  
 11 analysis, the department shall compare the cost of  
 12 acquiring and operating the proposed facilities with the  
 13 avoided cost of leasing and operating *an equivalent*  
 14 *amount of comparable* office space that will no longer  
 15 need to be leased because *either (A) agencies will no*  
 16 *longer occupy currently leased facilities either when they*  
 17 *occupy the proposed facilities or, or (B) agencies will no*  
 18 *longer occupy currently leased facilities when they*  
 19 *occupy state-owned space being vacated by state*  
 20 *agencies occupying the proposed facilities. The analysis*  
 21 *shall also include the cost of renovating the currently*  
 22 *occupied state-owned space to accommodate different*  
 23 *state agency tenants any unique improvement associated*  
 24 *with the moving of an agency into any state-owned space*  
 25 *that would be vacated by agencies moving into the*  
 26 *proposed facilities. However, these costs shall not include*  
 27 *the cost of renovating or modernizing vacated*  
 28 *state-owned space that is necessary to accommodate state*  
 29 *agencies in general purpose office space. This paragraph*  
 30 *shall not be construed as authorizing any renovation of*  
 31 *state-owned space.*

32 (d) The director may execute and deliver a contract  
 33 with the State Public Works Board for the lease of the  
 34 facilities described in this section that are financed with  
 35 the proceeds of the board's bonds, notes, or bond  
 36 anticipation notes issued in accordance with this section.

37 SEC. 2. (a) Prior to the construction on any other  
 38 blocks, as authorized by this act, a parking garage shall be  
 39 constructed on block 224 within the Capitol area in the  
 40 City of Sacramento. Block 224 is a state-owned parcel of

1 land bounded by 13th, 14th, O, and P Streets in  
2 Sacramento. Notwithstanding any other provision of law,  
3 upon completion of the parking garage on block 224, a  
4 total of 85 percent of the existing parking capacity at the  
5 state parking garage situated on block 216 within the  
6 Capitol area, which is bounded by 11th, 12th, O, and P  
7 Streets in Sacramento, shall be made available to meet  
8 the parking needs of legislative employees. This  
9 percentage allocation of spaces in the block 216 garage to  
10 the Legislature, shall accommodate all legislative parking  
11 spaces projected to be displaced by the state office  
12 facilities authorized by this act. It is the intent of the  
13 Legislature that all parking spaces to be created through  
14 the construction of a parking garage on block 224, and  
15 other parking structures associated with the office  
16 building constructed pursuant to this act, shall be  
17 designated for the purposes of accommodating all state  
18 employees displaced from block 216 by this act, as well as  
19 meeting the additional demands for parking created by  
20 the construction of the authorized state office facilities.

21 (b) Upon the completion of the parking garage  
22 described in this section, the Department of General  
23 Services shall complete an exchange with the  
24 Department of Transportation. As a result of this  
25 exchange, the Department of Transportation shall have  
26 control, use, and enjoyment of the property that includes  
27 the parking garage on Block 224, and the Department of  
28 General Services shall have control, use, and enjoyment  
29 of the property that includes the parking garage on Block  
30 216. The Department of General Services and the  
31 Department of Transportation also shall transfer to Block  
32 224 the existing lease and any other agreements that exist  
33 between the two departments regarding the parking  
34 garage located on Block 216.

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